



## Analysis of Rescissions in the Default on America Act

**Summary:** Section 201 of the “Default on America Act” would immediately rescind all unobligated balances from amounts provided in portions of six laws known as the “COVID relief laws”:

- Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (Public Law 116–123).
- Families First Coronavirus Response Act (Public Law 116–127).
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116–136).
- Paycheck Protection Program and Health Care Enhancement Act (Public Law 116–139).
- Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (division M) and Division N—Additional Coronavirus Response and Relief of Public Law 116–260.
- American Rescue Plan Act of 2021 (Public Law 117–2).

As of the end of March, public information indicates that of the trillions provided in response to the coronavirus during fiscal years 2020 and 2021, agency financial systems are reporting less than \$80 billion of **unobligated** balances remaining. Of those amounts, fewer still can actually be rescinded, as many are already encumbered by statutory formula or are “such sums” for which programs would need to be explicitly terminated to garner savings from the Congressional Budget Office (something that the provision does not do).

There are at least 138 different Treasury accounts tracked by the Office of Management and Budget (OMB) with unobligated balances provided by the COVID relief laws, over half of which have less than \$50 million in unobligated balances (the subset of which total only about \$700 million). Because of the vast array of accounts, the following list identifies only a few notable accounts, some compiled together in aggregate by theme where appropriate.

## **Cross-cut: Oversight and Accountability**

**Department/Agency/Account:** Cross-cutting oversight and accountability funding.

**Purpose of the Funding:** Oversight and accountability for COVID–19 relief funds

**Approximate Size of Cut:** At least \$169 million as of the end of March

**Summary:** Rescission would eliminate all remaining funding provided to any Inspector General by the COVID laws. As of the end of March, that included at least 12 inspectors general, the Government Accountability Office (GAO), and the Pandemic Response Accountability Committee (PRAC).

For GAO specifically, eliminating funding provided to the Comptroller General in the COVID relief laws would:

- Prevent ongoing and planned audits from continuing, including audits requested by committees of jurisdiction or identified by GAO based on previous findings. Ongoing and planned work includes assessing the extent of fraud associated with COVID–19 relief funds; examining the contents and management of the Strategic National Stockpile; examining agency information technology preparedness and response during COVID–19; assessing the current state of airline service disruptions and their causes; and examining effect of COVID–19 on work safety in the meat and poultry industry.
- Undermine the Federal government’s preparation for the next emergency. GAO’s ongoing and previous oversight of coronavirus relief-related spending and programs has helped identify corrective actions and lessons learned that could help future emergency relief programs increase efficiency. As of March 1, 2023, GAO has made almost 400 recommendations for improving the Federal government’s response and preparedness efforts.

## **Cross-cut: Native American and Tribal Programs—Department of Health and Human Services and the Department of the Interior**

**Department/Agency/Account:** Department of Health and Human Services/Indian Health Service/Indian Health Services

**Purpose of the Funding:** Address current and long-term impacts of COVID–19 in Indian Country.

**Approximate Size of Cut:** Over \$1 billion.

**Summary:** Rescinding this funding would result in over 1 million fewer inpatient and outpatient visits, 220,000 fewer behavioral health visits, 25 million fewer units of Medical Counter Measures, including personal protective equipment, durable medical equipment, and associated supplies, tests, vaccines, antivirals, diagnostic materials and essential medicines.

Indian Country continues to suffer from the impacts of COVID-19 and losing access to funding would shift ongoing costs to an already stressed budget for health care services in American Indian and Alaska Native communities that face high rates of chronic disease.

Losing access to this funding eliminates spending for essential health care professionals.

**Department/Agency/Account:** Department of the Interior/Bureau of Indian Affairs/Operation of Indian Programs

**Purpose of the Funding:** Provides aid for Tribal governments, welfare assistance, addressing needs in detention centers such as preventing mental health and attempted suicides and ensuring safe facilities.

**Approximate Size of Cut:** About \$60 million.

**Summary:** Rescinding this funding would impact addressing ongoing academic, mental health, behavioral health and wellness program requirements impacted by COVID-19.

Would impact addressing learning loss by impacting funding for after school and supplemental programs, including resources for summer activities, remedial activities, and student monitoring. Impacting opportunities to address increased challenges in mental and behavioral health due to the pandemic as well as facility improvements for ventilation to address ongoing health challenges in classrooms.

**Department/Agency/Account:** Department of the Interior/Bureau of Indian Education/Operation of Indian Education Programs

**Purpose of the Funding:** Targets student needs related to mental health and safety, staff training, IT investments to facilitate student learning and address prioritized local school needs.

**Approximate Size of Cut:** Over \$200 million.

**Summary:** Rescinding this funding would prevent implementation of public health and safety initiatives related to ventilation and behavioral health as well as technology improvements initiated under the pandemic to address lasting impacts from the pandemic.

Loss of this funding would reduce public safety support in Indian Country and impact addressing Tribal needs for access to potable water during natural hazards and other emergencies to keep illness rates low.

Loss of this funding would prevent awards related to critical broadband investments which help address health challenges and the ongoing impacts of COVID-19.

## Agriculture

**Department/Agency/Account:** Department of Agriculture/Rural Housing Service/Rural Community Facilities Account

**Purpose of the Funding:** Help rural health care systems cope with the impact of COVID-19.

**Approximate Size of Cut:** Approximately \$78 million.

**Summary:** Rescinding this funding would lose the opportunity for rural health care systems to get help with revenues lost during the pandemic and to increase their telehealth capacity.

While the pandemic is past, these daunting challenges remain for rural health care.

**Department/Agency/Account:** Department of Agriculture/Animal and Plant Health Inspection Service

**Purpose of the Funding:** Monitoring and surveillance of susceptible animals for incidence of SARS-CoV-2.

**Approximate Size of Cut:** Almost \$250 million.

**Summary:** Rescinding this funding would undermine efforts to detect the presence of the virus that causes COVID-19 in animals. With the lack of complete understanding of how the pandemic took root, surveillance is critical and can lead to better understanding of the origins of the disease.

**Department/Agency/Account:** Department of Health and Human Services/Food and Drug Administration

**Approximate Size of Cut:** Over \$150 million.

**Purpose of the Funding:** Support for the entire spectrum of the agency's work on COVID-19.

**Summary:** Rescinding this funding would eliminate dedicated resources for the Food and Drug Administration's post-market work on vaccines and medical products. Many of those products were approved as Emergency Use Authorizations and continuing post-market surveillance is critical.

## **Corporation for National and Community Service**

**Department/Agency/Account:** Corporation for National and Community Service/Corporation for National and Community Service/Operating Expenses

**Purpose of the Funding:** To support AmeriCorps volunteers, including by increasing the living allowances of AmeriCorps participants.

**Approximate Size of Cut:** Over \$300 million.

**Summary:** Rescinding this funding would eliminate ongoing AmeriCorps programs, including programs to provide public health services in underserved communities and expand access to careers in public health for underrepresented populations.

## **Federal Communications Commission**

**Department/Agency/Account:** Federal Communications Commission/Emergency Connectivity Fund

**Purpose of the Funding:** To provide funding to schools and libraries for the cost of eligible equipment and services for students, and teachers who lack connected devices, such as laptop or tablet computers, or lack broadband access.

**Approximate Size of Cut:** Over \$760 million.

**Summary:** The Emergency Connectivity Fund continues to provide relief to millions of students, school staff, and library patrons and will help close the Homework Gap for students who currently lack necessary Internet access or the devices they need to connect to classrooms. This cut of over \$760 million would defund this important program: processing and continued obligations of reimbursable costs would cease, leading to the loss of assistance to help schools provide the tools and services their students need for remote learning.

School systems across the country have planned for these payments and ending the program with no warning would send school systems across the country scrambling to either cover the costs on their own or cutting internet access for students.

## **Health and Human Services**

**Department/Agency/Account:** Department of Health and Human Services/Office of the Secretary/Public Health and Social Services Emergency Fund

**Purpose of the Funding:** Covid testing; Vaccines and Therapeutics

**Approximate Size of Cut:** Over \$5 billion

**Summary:** Rescinding this funding would eliminate advanced research and development of vaccines and therapeutics to combat future Covid variants, including intranasal vaccines that could prevent new respiratory infections and “universal” vaccines that could provide protection against all coronaviruses.

**Department/Agency/Account:** Department of Health and Human Services/Office of the Secretary/Public Health and Social Services Emergency Fund

**Purpose of the Funding:** Provider Relief Fund

**Approximate Size of Cut:** About \$3 billion.

**Summary:** Rescinding this funding would reduce relief payments to rural and safety net hospitals, nursing homes, and health care providers for expenses or lost revenues attributable to the Covid pandemic.

**Department/Agency/Account:** Department of Health and Human Services/Office of the Secretary/Public Health and Social Services Emergency Fund

**Purpose of the Funding:** Strategic National Stockpile

**Approximate Size of Cut:** About \$2.5 billion.

**Summary:** Rescinding this funding would cause a shortage of pharmaceuticals and medical supplies in the Strategic National Stockpile, which would leave Americans at greater risk during the next natural disaster, man-made public health threat (e.g., chemical, biological, radiological, nuclear), or infectious disease outbreak.

**Department/Agency/Account:** Department of Health and Human Services/Office of the Secretary/Defense Production Act Medical Supplies Enhancement

**Purpose of the Funding:** Strengthening U.S.-based manufacturing and supply chains for critical medical supplies

**Approximate Size of Cut:** About \$1.7 billion.

**Summary:** Rescinding this funding would withdraw support for U.S.-based manufacturing and supply chains for critical medical supplies, which would force the U.S. to be reliant on foreign countries for medical supplies in the event of a new public health threat.

**Department/Agency/Account:** Department of Health and Human Services/Centers for Disease Control and Prevention/CDC-wide Activities and Program Support

**Purpose of the Funding:** Global disease detection; public health workforce; data modernization; genomic sequencing

**Approximate Size of Cut:** Over \$4 billion.

**Summary:** Rescinding this funding would curtail genomic sequencing of Covid samples, which would limit our ability to identify a new Covid variant that could cause a spike in hospitalizations and deaths.

**Department/Agency/Account:** Department of Health and Human Services/Centers for Disease Control and Prevention/Infectious Diseases Rapid Response Reserve Fund

**Purpose of the Funding:** To support initial CDC response activities in the early phases of a future infectious disease outbreak.

**Approximate Size of Cut:** About \$500 million.

**Summary:** Rescinding this funding would diminish the CDC's ability to respond quickly to an emerging infectious disease outbreak, such as avian influenza, SARS, MERS, or Ebola.

## Homeland Security

**Department/Agency/Account:** Homeland Security/Federal Emergency Management Agency/Disaster Relief Fund

**Purpose of the Funding:** For disaster relief activities.

**Approximate Size of Cut:** Approximately \$1 billion.

**Summary:** At the House Homeland Security Appropriations Subcommittee hearing on Tuesday, April 18, the FEMA Administrator testified that a Supplemental request is forthcoming to address a projected shortfall in the disaster relief fund—a shortfall currently projected to be \$12 billion for this fiscal year. Rescinding this funding would further exacerbate that projected shortfall harming the government's ability to respond timely to previous and future disasters.

This would leave communities more vulnerable to the devastating effects of natural disasters.

## Housing and Urban Development

**Department/Agency/Account:** Department of Housing and Urban Development

**Purpose of the Funding:** To provide formula funding to units of local governments and housing providers to address rent payment losses, expand public services, and increase homeless response systems.

**Approximate Size of Cut:** Over \$3 billion.

**Summary:** Rescinding this funding would eliminate funding for more than 1,200 municipalities, local and state governments that faced a dire housing crisis as unemployment rose, rent payments were delayed, and homelessness increased. These rescissions eliminate funding provided for the Community Development Block Grant program (or CDBG) to support community agreed upon investments that build and sustain our communities. From improving local schools and community centers, to basic water and sewer improvements—these resources are planned for years in advance, leaving little room for emergency response.

These funds were provided to prevent and mitigate any long-standing or future impacts of COVID-19 on local communities. Rescinding the funding would reverse the progress made to begin to stabilize the housing supply, respond to increased homelessness, and support local economies.

## Interior

**Department/Agency/Account:** Department of the Interior/U.S. Fish and Wildlife Service/Resource Management

**Purpose of the Funding:** Supports law enforcement and emergency management operations, bio-surveillance of wildlife and the environment, ensuring safe facilities and public areas.

**Approximate Size of Cut:** Over \$50 million.

**Summary:** Rescinding this funding would impair addressing wildlife disease outbreaks before they become pandemics and reduce capacity for wildlife health monitoring.

These cuts would set back substantial progress that has been made in strengthening the wildlife health community of practice among States and would diminish resources for current and future wildlife disease work and impact detection and response to wildlife diseases which increases the risk to human health.

## Labor

**Department/Agency/Account:** Department of Labor/State Unemployment Insurance and Employment Service Operations

**Purpose of the Funding:** Unemployment insurance modernization grants to states to prevent fraud and promote equitable access to benefits.

**Approximate Size of Cut:** About \$1.5 billion.

**Summary:** Rescinding this funding would undermine federal and state activities to identify unemployment insurance (UI) fraud and prosecute criminals while slowing down efforts to modernize UI systems to provide assistance to workers and families when they need it.

## Transportation

**Department/Agency/Account:** Department of Transportation/Federal Aviation Administration, Federal Highway Administration, Federal Transit Administration Funding

**Purpose of the Funding:** For aviation, funds are provided to assist primary and general aviation airports with payroll, cleaning and rent relief on behalf of airport concessionaires impacted by a drop in airport business during COVID, as well as to protect aircraft manufacturing jobs and prevent furloughs and layoffs within the industry. For states, highway funding is provided for preventative and routine maintenance, operations, and sustaining personnel and contractor workforce to offset revenue losses. For rail, funds are provided to assist Amtrak and 22 state partners to offset operating costs related to revenue shortfalls and low ticket, sales and to recall more than 1,200 employees who were furloughed in 2020. For transit, funds are provided for capital and operating expenses to prevent the elimination of transit service supporting more than 2,000 funding awards, including targeted funding for enhanced mobility of seniors and individuals with disabilities and intercity bus operators.

**Approximate Size of Cut:** Almost \$6 billion.

**Summary:** Rescinding this funding would eliminate critical resources for mayors and governors to keep their airports open, trains running, and buses operating to get their essential workers to and from their jobs to keep our economy and people alive. Applications for funding are still

being submitted to and processed by DOT. For example, just this month there are more than 290 applications for relief being processed for funding by the Federal Transit Administration.

Without access to these funds, broader investments through the Bipartisan Infrastructure Law and the annual appropriations will be stalled as transportation agencies continue to rely on the use of COVID relief to continue to stabilize their operations and workforce in order to move forward with longer-term capital investments.

## Treasury

**Department/Agency/Account:** Department of the Treasury/State Small Business Credit Initiative (SSBCI)

**Purpose of the Funding:** To support small businesses by providing access to the capital needed to invest in job-creating opportunities.

**Approximate Size of Cut:** Approximately \$1.8 billion.

**Talking Point Against Rescinding:** Rescinding this funding would eliminate funding being used by States to provide funding to small businesses, including through capital programs, loan programs, and collateral support programs. Every \$1 of program funding SSBCI is designed to catalyze \$10 of small business lending and investment.

This proposed rescission would also jeopardize funding for assisting small business with technical assistance, potentially impacting 10,000 businesses and 100,000 jobs by harming access to capital, undermining economic resiliency, and resulting in the loss of jobs, and diminished economic opportunity for entrepreneurs and small businesses in underserved communities lacking capital.

## Veterans Affairs

**Department/Agency/Account:** Department of Veterans Affairs (VA)/Veterans Benefits Administration (VBA), General Operating Expenses and Board of Veterans Appeals

**Purpose of the Funding:** To mitigate the impacts of the pandemic on the benefits claims and appeals backlog, including to increase staff overtime, expand VBA-funded scanning of service records from Federal facilities impacted by COVID-19, to improve scheduling of hearings, and to support tele-hearings for claims.

**Approximate Size of Cut:** \$35 million.

**Summary:** Rescinding this funding would curtail improvements VA has finally been able to make on whittling down the backlog of veterans' claims and appeals that grew because of the pandemic. Wait times to process claims would increase as well as wait times for appeals hearings.

**Department/Agency/Account:** Department of Veterans Affairs,/Veterans Medical Care and Health Fund

**Purpose of the Funding:** For health care services and related support to veterans.

**Approximate Size of Cut:** Over \$2 billion.



**Summary:** Rescinding this funding would dramatically limit the ability for VA to provide healthcare services both within and outside of VA by clawing back needed funding for Medical Care. Rescinding this funding would leave VA underfunded, putting veterans' healthcare in jeopardy.